

[Insert Date]

Via Overnight Mail

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Re: Comment for Docket: EPA-HQ-OAR-2016-0544 - Request to change the point of obligation in the Renewable Fuel Standard

Dear Acting Administrator McCabe and Acting Assistant Administrator Dunham:

My name is _____ and I am the **[insert title]** at **[insert company name and location]**. I am writing to submit formal comments to the docket number above and to beseech you to please reconsider your proposed denial of the Petitions for Rulemaking to Change the Point of Obligation in the Renewable Fuels Standard (“RFS”).

Changing the point of obligation in the RFS is critical to the survival of my small business. My business, and the other small retailers that make up over 60% of the retail gas stations in this Country, have been abandoned by our trade associations that now only represent a minority in our industry that donate the lion’s share of dues. This is an issue of economic survival for us, and one that EPA has an obligation to correct in the rule by aligning the point of obligation with that point of blending at the rack.

This simple, but critical, fix would minimize the economic burdens to small retailers and maximize the effectiveness of the RFS program.

The reason that I, and other small business owners, cannot compete fairly in the current market is because the current point of obligation is removed from the rack—the bulk terminal or truck loading terminal where entities control whether gasoline is blended. This means that large retailers are able to purchase gasoline unobligated and then blend it with ethanol or biofuels at the rack to generate a Renewable Identification Number (“RIN”).

These large retailers then sell the RIN to obligated parties and generate enormous windfall profits. This allows our large retail competitors to have a direct price advantage over small and

medium-sized retailers that I, and other small/medium-sized retailers, cannot match because I cannot blend fuel at the rack.

I have to purchase finished product and pay a premium for that gasoline. Therefore, the base cost of my product is already higher than my large competitors that can blend fuel. This is a market reality that I can address through innovation and other marketing incentives. What I cannot overcome is that my largest competitors also get a \$.08 to \$.15 a gallon subsidy for selling the RIN to obligated parties. They are then able to use this profit to roll up small businesses.

Simply put:

- 1) The current point of obligation gives large retailers a \$.10 to \$.15 cent per gallon advantage over small and medium suppliers that is unfair, anti-competitive and creating an oligopoly in the retail fuel sector;
- 2) The large retailers, who are able to purchase gasoline unobligated, sell the RINs for a profit. They make such a significant percentage of their profits from RIN sales, that they have no incentive to invest in infrastructure to support the further penetration of renewables in the market place.

My experience is ____ [talk about the impact on your business].

This is not how the RFS is supposed to function. The RFS program was designed to drive the market towards selling renewable fuels available in the marketplace, not to drive small and medium-sized retailers out of business. We know that the EPA does not intend to put such businesses in jeopardy across the country, and that there are other issues that the EPA must contemplate in the RFS program. Moving the point of obligation is a simple step that the EPA can take to level the playing field for all gasoline retailers and allow the EPA to meet the goals that Congress laid out by eliminating this market barrier.

Thank you for your time and consideration, if you would like to learn more about this issue and how it is impacting our industry, you can visit the Small Retailers Coalition website at [insert web address] or contact our Chairman, Mr. Bill Douglass.

Very truly yours,